



# **ALTERNATIVE LOGISTICS SOLUTIONS OVERVIEW**

**APML Training Presentation**  
**15 May 2001**

# OUTLINE

- Definitions- What is ALS?
- AIR-3.5.2 Background and Mission
- ALS Characteristics and Philosophy
- ALS Instruction Highlights
- Operational Considerations
- Funding and Other Considerations
- APU TLS
- ALS/PBL Initiatives In-Work
- Road Ahead/Key Points

# What Is Alternative Logistics Solutions?

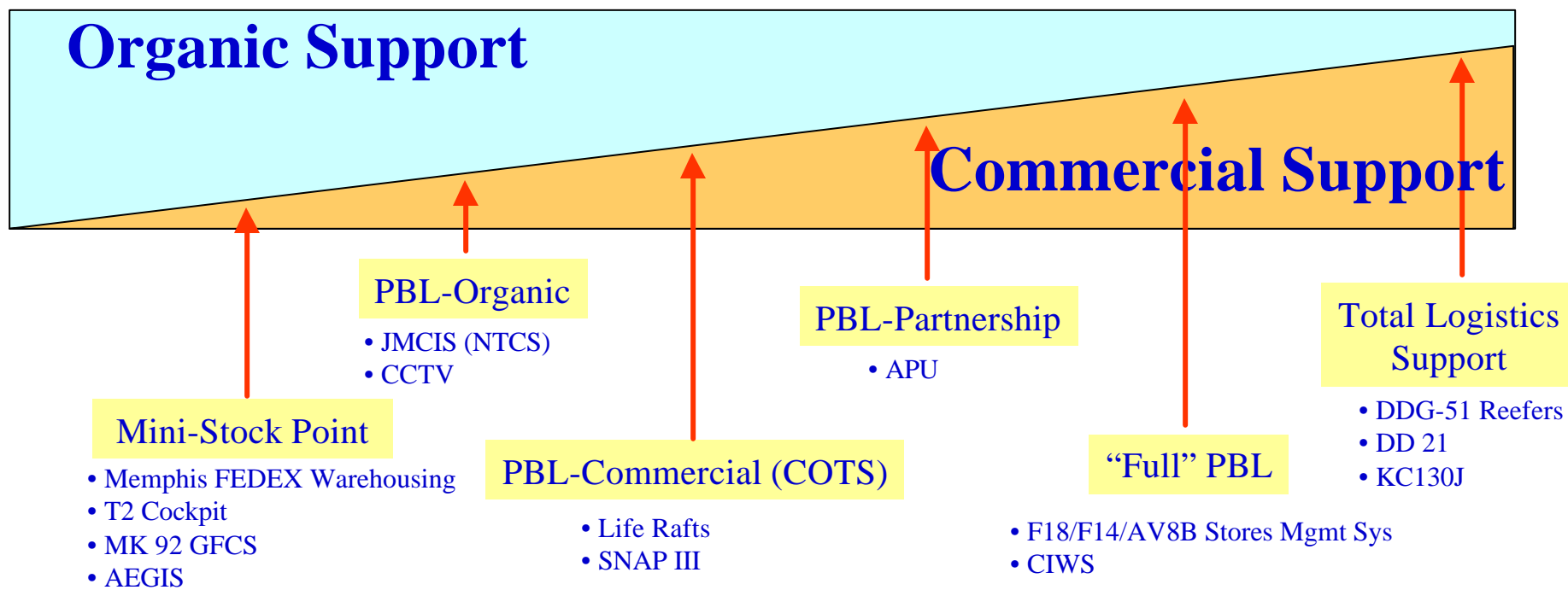
➤ A Non-Traditional Logistics Support Approach. ALS Typically Includes Reliability/Availability Enhancements and Guarantees, Long-Term Contracts, and Maintenance Philosophy Changes. **Performance Based Logistics (PBL)** is a type of ALS.

➤ **PBL** – A Single Supplier Provides Material to Meet a Customer's Requirements Without the Intervention of, or Need for Organic Inventory Managers or Intervening Storage, Material Handling, and Transportation Systems While Providing Increased Product Availability, Reliability, Technology Insertion, and Obsolescence Management at a Lower Total Cost to the Fleet Customer and the Navy.

# PERFORMANCE BASED LOGISTICS

## What's the PBL Universe?

Alternative logistics support solutions that encompass contractual arrangements from the Mini-Stock Point to Total Logistics Support (also known as Contractor Logistics Support (CLS))



# ALS BENEFITS TO THE FLEET

- ALS Helps to Achieve CNO Goals
  - ✓ Manpower- Increased Availability and Reliability Will Lower MMH/CANNs, Enhancing Fleet Quality of Life and Morale
  - ✓ Readiness- Availability Commitment at High Percentage
  - ✓ Future Readiness- Availability Commitment/Reliability Growth
  - ✓ Quality of Service- Lower MMH, Parts Availability, Premium Transportation and Field Reps for Assistance
  - ✓ Alignment- Multi-Organizational/Multi-Competency IPT Including OEM/Contractors
- Lower Life Cycle Costs
- Improves Readiness, FMC & MC Rates

## AIR-3.5.2 BACKGROUND

- Genesis: Auxiliary Power Unit (APU)/ Total Logistics Support (TLS) Initiative.
- AMSR Issue 7: Action to NAVAIR/NAVICP to Institutionalize ALS Process.
- Coordinated With JALB on DoD Process.
- Alternative Logistics Solutions (ALS) Team (AIR-3.5.2) Created in Support of Warfighter Goal.

## **AIR-3.5.2 TEAM MISSION**

- Assist Program Teams in the Implementation of ALS Initiatives With Potential for Increased Reliability and Availability, Reduce Fleet Workload, and Lower Support Costs.
- Function as NAVAIR Focal Point for ALS Initiative Tracking, Lessons Learned, and Policy/Process Information.
- Lead TEAM-wide and Industry Training.
- Promote ALS Through the Execution of NAVAIR Instruction 4081.2.

# ALS CHARACTERISTICS



- Win, Win for Fleet, NAVICP/NAVAIR, Contractor
- Contractor Performs Government Functions, e.g. Supply Support, Repair, Repair Management (Best Commercial Practices), Repair Parts, Wholesale Sparing, PHS&, etc.

## Typically:

- Contractor Guarantees Availability and Reliability Improvements
- Contractor is Given More Flexibility and Control in Configuration Management
- A Fixed Price Contract With Incentives to Improve Reliability and Lower BCMs
- Business Case Analysis Shows Life Cycle Costs Savings



# A CHANGE IN PHILOSOPHY (NAVICP Perspective)

	<u>Philosophy</u>	<u>Drives Perspective</u>	<u>ICP Role</u>	<u>Results</u>
<b>Historically</b>	Inventory Based	Price is King	Custodian 	<ul style="list-style-type: none"> <li>• More infrastructure</li> <li>• Higher Costs</li> <li>• Reduced Quality</li> <li>• Redesign Delays</li> <li>• Higher Disposal Costs</li> </ul>
<b>Today</b>	Performance Based	Best Value for the Money	Broker 	<ul style="list-style-type: none"> <li>• Less infrastructure</li> <li>• Lower Costs</li> <li>• Increased Service Levels &amp; Quality</li> <li>• Technology Insertion</li> <li>• Lower Disposal Costs</li> </ul>

# A CHANGE IN PHILOSOPHY

## (NAVICP Perspective)

### **PBL: New Supplier Roles**



**Results**

**Lower Response Time**  
**Improved Reliability**  
**Lower Cost of Ownership**

**Reduced Government Oversight**

# INSTRUCTION HIGHLIGHTS

## ➤ POLICY:

“Evaluate, Implement, and Assess Alternative/Non-Traditional Logistics Support Proposals.”

➤ Defines the Critical Steps Needed to Implement an ALS Concept:

- ✓ ***Opportunity Index***
- ✓ ***Conduct TEAM Review***
- ✓ ***Title 10 (CORE) Considerations***
- ✓ ***Business Case Analysis***
- ✓ ***Formal Negotiations/Acquisition Strategy***
- ✓ ***Report To Congress***

①  
Anyone

Identify System or Candidate

②  
Do ALS Opportunities Exist?

NAVICP w/  
Program Office

No

③  
Program Office Concur?

Yes

④  
Leave as is/Planned

No

NAVICP/3.0/4.0/6.0  
Contractor

⑤  
Identify Benefits

Conduct Mgmt, Tech,  
Cost Eval, Title X and  
FAR Review

⑥  
System Exceed 50/50 IAW 2466

Yes

(Source of Repair  
Determination  
by Step #10)

6.0/7.7/3.0  
No

⑦  
Core Capability Req'd IAW 2464?

Yes

6.0/3.0/NAVICP  
No

⑧  
Candidate currently being worked in Public Depot?

AIR-6.0

Yes

⑨  
System Exceed \$3M IAW 2469

No

AIR-6.0  
Yes

Go to Block ②

No

No  
NAVICP/3.0/6.0  
Contractor

⑩  
Do Cooperative Opportunities Exist?

Yes

⑪  
Operational Command Concur?

No

3.0/PEO/TYCOMs

Yes

⑫  
Finalize and Approve:  
(a) Formal Negotiations  
(b) Mgmt, Tech, & Cost Analyses,  
(c) Acquisition Strategy or Plan  
(IF WARRANTED:  
Conduct a Source Selection Exec. Board)

⑬  
Report to Congress

⑭  
Implement/Contract Award

NAVICP/Prog Office/3.0  
4.0/6.0/7.7/Contractor

Prog Office/NAVICP  
3.0/7.7/Contractor

NAVICP/Prog Office/3.0  
TYCOMs/Contractor

Alternative Logistics Support (ALS) Candidate Flow Process

KEY

Government



Govt. and/or Contractor



Statutory



# ALS/PBL INITIATIVES CANDIDATE IDENTIFICATION

➤ Identification of Attractive PBL Candidate Systems Can Come From a Number of Sources. These Include:

- ✓ Fleet Customers
- ✓ Program Offices
- ✓ Navy Logistics Personnel
- ✓ Navy Engineering Activities
- ✓ Navy Repair Depots
- ✓ Industry
- ✓ NAVICP PBL Opportunity Index

# OPPORTUNITY INDEX

- NAVICP Tool to Categorize and Prioritize Weapon Systems to Identify Those That Represent the Most Attractive Candidates for PBLs
- NAVICP Candidate Selection Process based on Repair Cost, Reliability and Supply Support Availability
- Generally, PBL Candidates Will be
  - ✓ *Fleet AVDLR Cost Drivers*
  - ✓ *Items With Supply Support Problems*
  - ✓ *Items With Low Reliability*



# LOOKING AT THE DETAILS...

## CANDIDATE SELECTION

### Opportunity Index

FA-18 System PBL Opportunity Index									
WUC	NOMENCLATURE	FLTHRS	TOTAL WUC COST	Reliability Factor	Support Ratio	DCI	RI	SI	OI
742G	APG65(V) ( ) Radar Set	287318	\$20,605,538	0.009	0.253	0.930	1.000	0.301	0.846
74D9	AAS38 ( ) Detecting Set	287063	\$22,154,970	0.016	0.155	1.000	0.563	0.185	0.812
74B2	APG73 Radar Set	278898	\$10,729,028	0.111	0.170	0.484	0.081	0.202	0.382
73X3	Bomb Nav Associated Equipment (Contd)	287221	\$9,118,696	0.046	0.029	0.412	0.196	0.035	0.323
13C1	Landing System	287318	\$3,231,151	0.018	0.642	0.146	0.500	0.764	0.292
74Q2	AAR50 Nav Infrared Receiving Set	278898	\$4,807,159	0.518	0.615	0.217	0.017	0.732	0.264
1431	Horizontal Stabilizer System	287318	\$7,737,919	0.101	0.018	0.349	0.089	0.021	0.261
1111	Forward Fuselage Section	287055	\$5,413,296	0.129	0.182	0.244	0.070	0.217	0.214
13A1	Gear System	287213	\$2,936,314	0.092	0.533	0.133	0.098	0.635	0.203
13C2	Landing Gear System	287318	\$2,297,655	0.022	0.316	0.104	0.409	0.376	0.190
1461	Trailing Edge Flap System	287318	\$5,096,756	0.124	0.091	0.230	0.073	0.108	0.188

• O/I index lists WUCs in priority order from 1.0 (best candidate) to 0.0

• Depot Costs along with Reliability (MFHBF) and Supportability (BB/Demand ratio) factors are indexed to form DCI, RI, and SI

• DCI, RI, and SI are weighted (70%, 15%, 15%) and summed to form the O/I Index

## Deliverables:

1. Prioritized listing of systems by 4 digit Work Unit Code
2. NIIN level listing containing cost, reliability and customer support data
3. Cost-Performance Matrix

# **TITLE 10 US CODE**

## ➤ **Sec 2464 Core Logistics Capabilities**

- ✓ **DOD to Maintain a Core Logistics Capability That Is Government-owned and Government-operated (Including Government Personnel and Government-owned and Operated Equipment and Facilities)**

## ➤ **Sec 2466 50/50**

- ✓ **Allows No More Than 50% of the Funds Made Available in a Given Fiscal Year to a Military Department for Depot-level Maintenance and Repair Workload to Be Used to Contract for Performance by Non-federal Government Personnel**

## ➤ **Sec 2469 \$3.0M**

- ✓ **A Public-Private Competition Is Required to Move Depot-level Workload From an Organic Depot (Over \$3M Annually) to the Private Sector**

***Title 10 Analysis for ALS/PBLs Initiatives  
Performed by NAVAIR 6.1.1.4***



# **BUSINESS CASE ANALYSIS**

- NAVAIR Guidance/Process For Cost Comparisons is Provided by Maintenance Trade Cost Guidebook
- Developed by AIR 4.2
- BCA Characteristics Include:
  - ✓ **Comparing a Baseline (No Changes) Versus Alternative Courses of Action**
  - ✓ **Developing a Technical Approach, Schedule, and Resource Requirements Needed to Implement Change**
  - ✓ **Identifying ALL Costs Associated with Implementation of Change**
  - ✓ **Estimating a Return On Investment and Other Non-Cost Benefits (i.e. Increased Readiness, Safety, etc) Over a Specified Time Period**

# BUSINESS CASE ANALYSIS

- NAVICP PBL BCA Focus is on the NWCF
- NAVICP NWCF Business Rule– Break Even or Better With Other Benefits (Increased Availability/Reliability, etc.)
- Proposals For ALS Solutions Largely Succeed or Fail Based on Quality of BCA
- Maintenance Trade Cost Guidebook Available for Download at:

[www.nalda.navy.mil/3.6/coo/mtcg.doc](http://www.nalda.navy.mil/3.6/coo/mtcg.doc)



# PBL DEVELOPMENT PROCESS

## Business Case Analysis

**Depot Repair Costs**

**Procurement Costs**

**ICP Ops Cost**

**PBL Administrative**

PERCENT OF YEAR 1		
Year	Cost	Notes
1	10.0%	
2	10.0%	
3	10.0%	
4	10.0%	
5	10.0%	

**ASSUMPTIONS AND NOTES**

Please enter your assumptions and notes below that are specific to this BCA.

Please fill page throughout the BCA as necessary.

**WSRP DVD STORIES OVERVIEW**

**Fleet Labor**

**Fleet Material Costs**

**Warehousing**

**Transportation**

**Engineering & Support**

**BCA Updated Throughout Life of Program**

# OPERATIONAL CONSIDERATIONS

➤ The Effect that the ALS Initiative Will have in the Following Areas Must be Fully Considered:

✓ Maintenance Planning

- Levels & Source of Maintenance
- How Maintenance is Performed
- Changes to Plans, SM&R Codes

✓ Manpower & Personnel

- Effect on Requirements
- Effect on Maintenance Man Hours
- Skill Levels/Mixes

# OPERATIONAL CONSIDERATIONS

- ✓ Supply Support
  - Asset Reporting Requirements
  - Requisitioning
  - Availability & Reliability Commitment
- ✓ Support Equipment
  - Effect on Requirements  
(Additions/Reductions/Modifications)
  - Calibration/Maintenance
  - Effect on ATE, TPS
- ✓ Tech Manuals & Data
  - Updates/New Pubs Must be In-Place

# OPERATIONAL CONSIDERATIONS

- ✓ Training & Training Devices
  - Effect on O/I Level Training
  - Effect on Courseware
  - Trainer Updates
  - NETS/CETS Billets
- ✓ Facilities
  - Space Requirements
  - Environmental Impacts
- ✓ PHS&T
  - Effect of Changes to Existing Procedures
  - Environmental Considerations
  - Short/Long Term Storage Considerations

# FUNDING CONSIDERATIONS

## ➤ TODAY:

- ✓ ALS Contracts Often Require Funding From Multiple Appropriations
- ✓ Multiple Appropriations Create Inefficiencies In Contracts
- ✓ No Approval to Merge Multiple Appropriations Into One Single Line Of Accounting

## ➤ FUTURE:

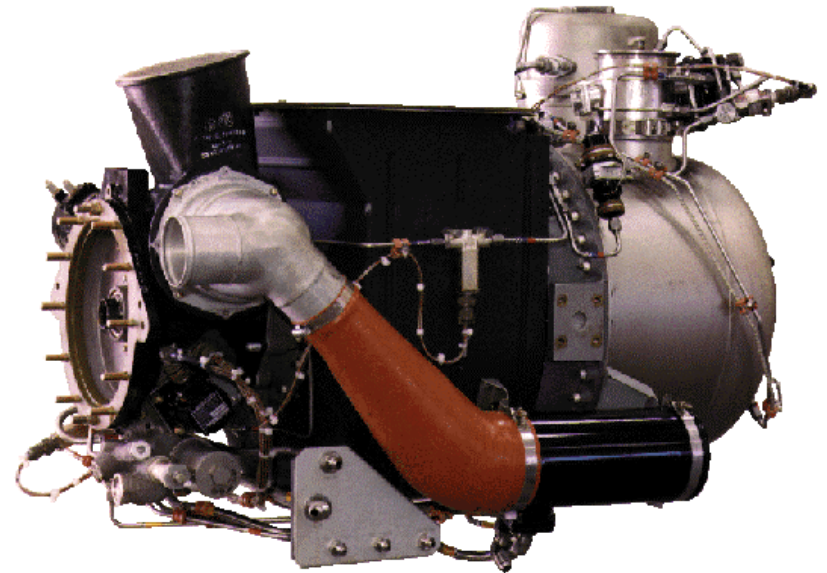
- ✓ EARLY Identification of Funding Sources And Money Saved/Efficiencies Gained By Merging Funds
- ✓ EARLY OPNAV Sponsor Buy-In (Before POM)
- ✓ Congressional Approval to Merge Funding

- Funding Source and Strategy:
  - ✓ Navy Working Capital Fund
  - ✓ FHP Direct (OPNAV Level)
  - ✓ APN, PRL, CIP, Depot OM&N, etc.
- FMS Impact
- Contract Strategy
  - ✓ Multi-Year Procurement
  - ✓ Long Term Commitment
  - ✓ Contract Type With Incentives
  - ✓ Alpha Contracting (if Non-Competitive)
- Degree of CM Authority Delegated to the Contractor



# AUXILIARY POWER UNIT TLS

- Provides Support for APUs Used on the C-2, F/A-18, S-3 and P-3 Aircraft
- Navy's First Public / Private Partnership
  - ✓ NADEP Cherry Point... Touch Labor
  - ✓ Honeywell... Program Management
- 10 Year Performance Based Contract, Firm Fixed Price (5 Year Base & 5 One-year Incentive Terms )
- Reliability Increase Guarantees
  - ✓ 45% for F/A-18
  - ✓ 25% for S-3
  - ✓ 15% for C-2
  - ✓ 292% for P-3
- Delivery Guarantees... 2 Days (IPG 1)
- Obsolescence Management
- Product Support Engineering & Tech Reps
- Surge Capability... 120% of Annual Flight Hours



# AUXILIARY POWER UNIT TLS

- NAVICP Funds the Contract Using Navy Working Capital Fund
- Incremental Payment Adjustments Are Made If the Annual Availability Is Not Achieved
- A Flat Payment Adjustment Is Made If the Annual Reliability Is Not Met
- Gain Share Provision If Reliability Guarantees Exceeded by 25%

***Contract Priced Using All Inclusive Fixed Price  
Per Navy Flight Hour***



# PBL LIST

## PBL CANDIDATES

												27-Mar-01
<b>Legend:</b>												
<b>Core:</b>	Indicate with <b>Y</b> or <b>N</b> (Yes or No) if item requires a core logistics capability. <b>NAVAIR to comp.</b>											
<b>Curr. Maint.:</b>	Indicate with <b>O</b> or <b>C</b> (Organic or Commercial) <i>where</i> Item is currently repaired. Use both letters if item repaired in both places											
<b>CLC:</b>	Indicate with <b>Y</b> or <b>N</b> (Yes or No) if Government has a Core Logistics Capability for the item. <b>NAVAIR to comp.</b>											
<b>Depot Date:</b>	Indicate with <b>Y</b> or <b>N</b> (Yes or No) whether item was assigned to a depot (O or C) prior to Nov '97. <b>NAVAIR to comp.</b>											
<b>Teaming:</b>	Indicate with <b>Y</b> or <b>N</b> (Yes or No) if PBL initiative will involve a Contractor teaming with a Government depot for touch labor.											
<b>Total \$ Value:</b>	If repaired Organically, indicate projected \$\$ value of work <i>per year</i> you plan to transfer <i>from the depot</i> for the PBL initiative.											
<b>Years of Perf.:</b>	Indicate total years of performance of the PBL effort. If a base + option scenario, indicate as such (e.g., 5+3).											
<b>Est RFP:</b>	Indicate planned date for releasing an RFP for this PBL initiative.											
<b>Retiring Yr:</b>	Indicate, if known, the projected year this system may be retired therefore not requiring any further depot repair.											
IWST/System	EAD	Core	IOC	Curr. Maint.	CLC	Depot Date	Teaming	Total \$ Value	Years of Perf.	Est RFP	Retiring Yr	NAVAIR Comments
E-2 MSP	Feb-01			C			N	N/A	3	Done	2004	DELETED by CDR Dollase
E-2 GRIIM Repr	Mar-01			C			N	N/A	15	Done	2016	DELETED by CDR Dollase
S-3 Windshields	Mar-01	Y		C	N		N	N/A	3+3(3)+2(1)	Feb-01	2015	Recommend interim support until org est
SE IFFITTS	Mar-01			C			N	N/A	TBD	Feb-01	UNK	If SE, ICP can remove
F-18 SMUG (NEW)	Apr-01	CNW	96/97	C	Y		N	N/A	5+5+5	Done	2025	(NEW) World not reqd after demo of cap
SH-60B Avionics	Apr-01	Y		C	N	Bef 97 O	N	N/A	1+4	Done	2009	Recommend interim support until org est
H-60 FLIR (NEW)	Apr-01	Y	5/00	C	N		N	N/A	4+6	Done	2009	(NEW) Recommend teaming
S-3 Electron Tubes	May-01	Y		O/C	N		N	\$2M	INDEFINITE	N/A	2015	Recommend teaming
Common ALE-50A (NEW)	May-01	Y		C	N	Bef 97 O	N	N/A	5	Mar-01	Various	(NEW) Recommend teaming
F-18 HUD/DDI	Jun-01	TBD		O/C			Y	0	5+5+5	Done	2025	43 of 204 core, awaiting ICP info to analyze remaining 161 NIINs
F-14 HUD	Jun-01			C			Y	N/A	15	Done	2009	Awaiting ICP info for analysis
V-22 DEU (NEW)	Jun-01	Y	3/01	C	N	Bef 97 O	N	N/A	5+5	Done	UNK*	(NEW) Recommend teaming
V-22 DMS (NEW)	Jun-01	Y	3/01	C	N	Bef 97 O	N	N/A	5+5	Done	UNK*	(NEW) Recommend teaming
V-22 Flat Panel (NEW)	Jun-01	Y	3/01	C	N	Bef 97 O	N	N/A	5+5	Done	UNK*	(NEW) Recommend teaming
Common PRC-149	Jun-01	N		C			N	N/A	5	Mar-01	Various	Not installed on JCS aircraft
F-14 APG-71	Jul-01	N		C	N/A	Bef 97 C	N	N/A	5+2	Mar-01	2009	Comm repair for life bef '97
F-14 FMC	Jul-01	TBD		C			N	N/A	5+3	Mar-01	2009	Awaiting ICP info for analysis
H-60 17 Item	Jul-01	Y		C	Y	Bef 97 O	N	N/A	1+2	Apr-01	2009	Recommend teaming
H-1 Attitude Indicator	Jul-01			C			N	N/A	3+2	May-01	2013	Awaiting ICP info for analysis
C-130 APU	Jul-01	N		O/C	N/A	N/A	Y	\$1M	5+5	N/A	>2010	Non-JCS Aircraft
H-1 Generator	Aug-01			C			N	N/A	3+2	May-01	2013	Awaiting ICP info for analysis
UH-1N THCDP	Aug-01			C			N	N/A	3+2	May-01	2013	Awaiting ICP info for analysis
F-18 GCU	Sep-01	Y		O/C	Y		Y	0	5+5+5	Done	2025	Planned for teaming
F-18 Secondary Power	Sep-01			O/C			Y	0	5+5	May-01	2030	Awaiting ICP info for analysis
P-3 APS 137B(V)2&(V)5	Sep-01	Y		C	N	Bef 97 O	TBD	N/A	5+5	May-01	2015	Recommend interim support until org est
Common TAMMAC-DMC	Sep-01	Y	6/01	C	N	Aft 97	N	N/A	5	Apr-01	Various	(NEW) Recommend teaming
Common TAMMAC-AMU	Sep-01	Y	6/01	C	N	Aft 97	N	N/A	5	Apr-01	Various	(NEW) Recommend teaming
Common APR-39A V2	Sep-01	Y		C	TBD	Bef 97 O	Y	N/A	5	Apr-01	Various	Need more info to verify TYAD is capable
Common TCAS	Sep-01	N	10/01	C	N/A	N/A	N	N/A	5	Apr-01	Various	Non-Core - Commercial Item(s)
UH-1N FLIR	Sep-01			C			N	N/A	3+2	Jun-01	2013	Awaiting ICP info for analysis
EA-6B MRU	Oct-01			C / NEW			N	N/A	5	May-01	2015	Not provisioned yet
F-14 DFCS	Oct-01	N		C	N/A	N/A	N	N/A	5	May-01	2009	Non-Core
S-3 OK-645	Oct-01	Y		C	N		N	N/A	2+3(1)	Jun-01	2015	Recommend interim support until org est
SE H1 8500C	Dec-01			C			N	N/A	3+5	TBD	UNK	If SE, ICP can remove
E-2C Improved IFF	FY02			C			N	N/A	5	Jun-01	2004	FY02 PBL
EA-6B ASW-40/41	FY-02			O			Y	0	5	Jul-01	2015	FY02 PBL
V-22 APU (NEW)	FY-02	Y	3/01	C	N	Bef 97 O	Y	N/A	1+5	TBD	UNK*	(NEW) Recommend teaming
H-3 Sale of A/C, Parts	FY-02	N		C	N/A	N/A	N	N/A	1+5	Oct-01	UNK	
SE RSTS	FY-02			C			N	N/A	TBD	TBD	UNK	If SE, ICP can remove

\* - V-22 retirement date TBD, pending Milestone III decision

# NAVICP PBL FY01 Queue

## *Aviation - 44*

### MSP/MSP+

E-2 MSP  
H-1 Attitude Indicator  
H-1 Generator  
H-1 THCDP  
Common PRC-149  
Common TCAS

### PBL-O

EA-6B Band 7/8 Mod  
EA-6B Band 9/10 Xmtr  
SE MELISSA

### PBL-C

### PBL-P

F-18 HUD/DDI  
F-18 GCU  
F-18 Secondary Pwr  
Common APR-39A V2

### FULL PBL

F-18 SMUG	H-3 Sale of A/C, Parts
F-18 ATARS	H-60 Avionics
E-2C GRIIM RePR	H-60 17 Item
E-2C Improved IFF	H-60 FLIR
EA-6B ASW-40/41	V-22 DEU
F-14 LANTIRN	V-22 DMS
F-14 HUD	V-22 Flat Panel
F-14 APG-71	V-22 APU
F-14 FMC	Common ARC-210
S-3 OK-645	Common ALE-50A
S-3 Windshields	Common TAMMAC-DMC
S-3 ALR-76 ESM	Common TAMMAC-AMU
S-3 Electron Tubes	SE EWSE
C-130 APU	SE IFFITTS
P-3 APS 137B	SE Chadwick Helmuth
H-3 Bit/Piece	

# ROAD AHEAD

- FMS
- Funding Strategy Resolution and Process Definition
- ALS Team/AIR-6.1/NAVICP Summits
- Adaptation to Changes in Policy/Law
- Updated ALS Process

## “TAKE AWAY” KEY POINTS

- ALS Team Available to Support and Facilitate Programs With PBL Initiatives.
- TEAM Approach is Essential; Coordination/ Dialogue Required *Up Front and Early*.
- All Aspects (e.g., Title X Issues, Business Case Analysis, Operational Considerations, FMS Impact) Need to be Identified and Worked as One TEAM.
- TEAM Approach Will Generate a Viable Product With Potential For Faster Implementation.
- GOAL: Transparent to the Fleet Maintainer/User

## AIR-3.5.2 POCs

Rick Massaro	(301) 757-9182
Jeff Heron	757-9177
Tracy Moran	757-9183
Paula Battistoni	757-9184 *
Jim Miller	757-9175
Terry Coll	757-9110
John Deeney	757-9169
Curt Searl	757-9185

\* Currently on SEMDP Rotation

# **Q & A**

## **FOLLOW ON DISCUSSION**



**BACK UP**

# PBL DEFINITIONS

- **PBL-Mini-Stock Point (PBL-MSP).** Navy owns the inventory...contractor receives, stores, issues, and may also repair, the material... “MSP-Plus” includes a negotiated level of requirements determination (MIN/MAX).
- **PBL-Organic (PBL-O).** An arrangement with an organic activity (normally via MOA) to procure, repair, stock and issue material.
- **PBL-Commercial (PBL-C).** An arrangement where commercial items are supplied by a contractor. Customer requisitions are automatically routed through ITIMP directly to the contractor as a delivery order.
- **PBL-Partnership (PBL-P).** An arrangement between a contractor and Navy such that the Navy performs a portion of support required by and for the contractor. For example, the contractor may sub-contract the Navy to perform maintenance support at an organic depot. This can be highly beneficial when addressing Core maintenance issues, in that the Navy is able to retain Core capability while acting as a “sub” to the contractor.
- **“Full” PBL.** A contractual arrangement where the contractor manages (and may also own) the inventory, determines stockage levels, typically repairs NRFI material, and is required to meet specific performance metrics. Requisitions still flow through ICP, and ICP pays the contractor for performance but bills customers traditionally. Reliability improvements, technology insertion and reduced obsolescence may be some of the inherent benefits of a Full PBL. The contractor usually is given Class II ECP authority and in some cases may also have configuration control. Additionally, Logistics Engineering Change Proposal (LECP) arrangements will be considered a subset of this category if they contain supply support clauses that fall under the definition noted above.
- **Total Logistics Support.** A most robust form of PBL (typically referred to as Contractor Logistics Support (CLS)), where the contractor manages most or all facets of logistic support (i.e. ILS elements), including inventory levels, maintenance philosophy, training manuals, PHS&T, full configuration control, support equipment, etc.

# THINGS TO CONSIDER

- ALS Checklist
- Opportunity Index
- Title 10
- BCA
- All Logistics Elements Impact
- Transparency to the Fleet
- Funding Strategy/Source
- FMS Impact
- Contract Types

# INSTRUCTION HIGHLIGHTS

- Purpose: Set Objectives, Establish Policy, and Assign Responsibilities for the Evaluation of ALS Candidates
- Vehicle For Establishing the ALS Candidate Selection Flow Process
- Provides the Framework to Facilitate Participation of All Team Members (Fleet, PMA, NAVICP/DLA, Cost Analysis, Contracts, Industrial, Legal, Financial, Technical, Logistics, etc)
- Working to Include/Define ISOR and FMS Process

# SAMPLE EFFECT ON FHP OF PRICE CHANGE

FY00 Net Price	(Oct-May)	(Jun-Sep)
Component A	\$81,920	\$93,180
Component B	\$98,740	\$122,500
Component C	\$20,880	\$49,800

<u>Component</u>	<u>Price Increase</u>	<u>QtrDmd</u>	<u>3 Mo</u>	<u><b>4 Mo</b></u>	<u>12 Mo</u>
A	\$11,260	95	1.070M	<b>1.430M</b>	4.280M
B	\$23,760	48	1.140M	<b>1.521M</b>	4.562M
C	\$28,920	60	1.735M	<b>2.313M</b>	6.941M
Totals:			<u>\$3.945M</u>	<u><b>\$5.264M</b></u>	<u>\$15.783M</u>

***\$5.3M in FHP Cost Escalation in FY00 for the Repair Price Adjustment***

# AVDLR AND CONSUMABLE FUNDING

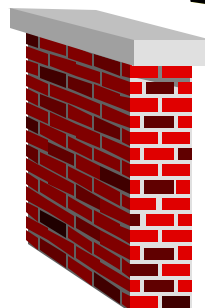
NAVAIR  
& NAVICP



**TODAY**

Logistics  
Support  
Decisions

- Capability
- Reliability
- Safety



CINC / TYCOM



• Maintainability



AVDLR (7R)  
Consumables (1R/5R)

**NAVAIR Makes The Decision And The Fleet Lives With The Results**

NAVAIR  
& NAVICP



**Tomorrow- ALS**

Logistics  
Support  
Decisions

- Capability
- Reliability
- Safety



AVDLR (7R)  
Consumables (1R/5R)

**Performance**

CINC / TYCOM

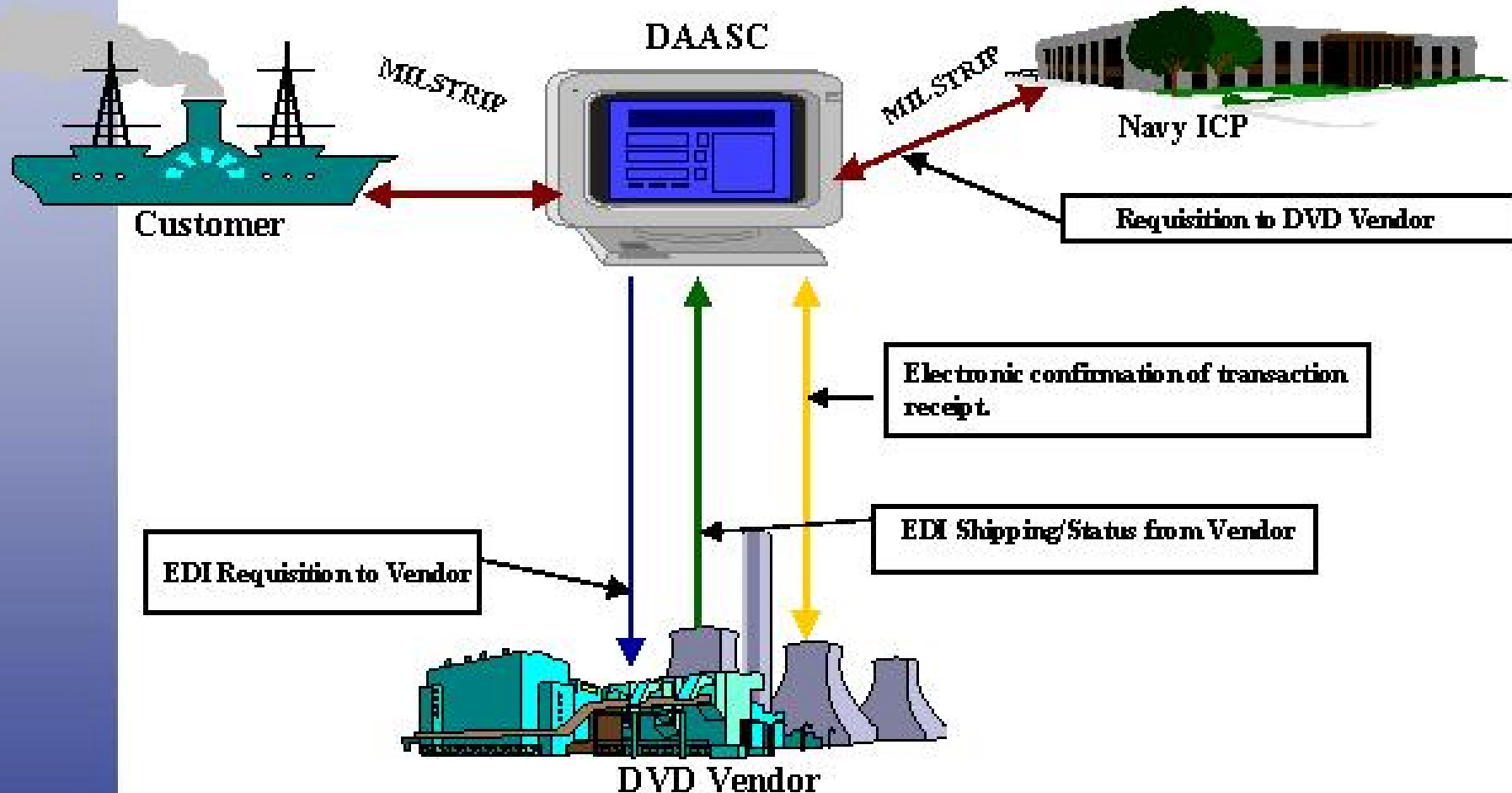


• Maintainability

**ALS Defines Process / Makes Decisions - Fleet Gets Performance**

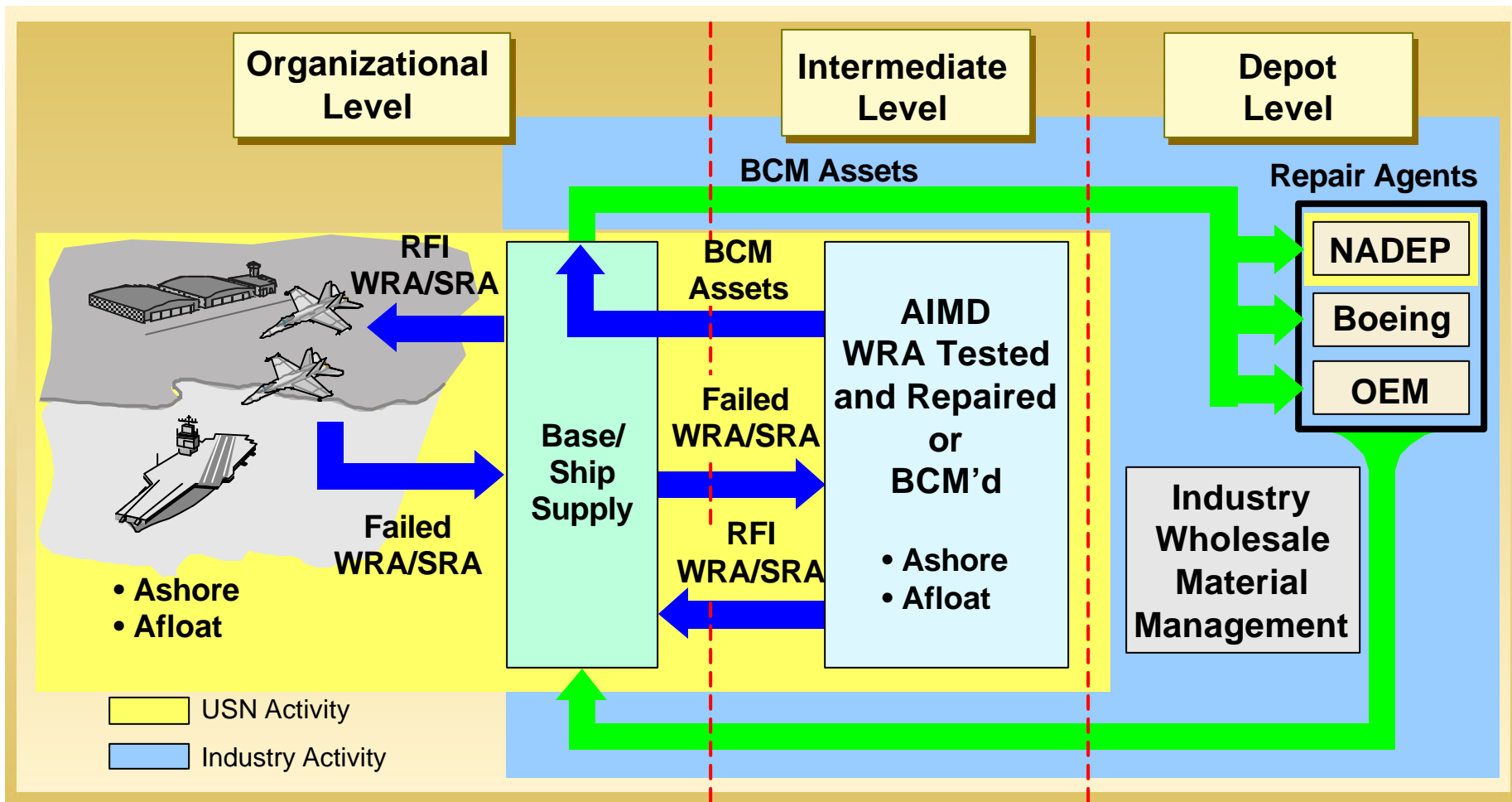


# EDI Requisition Flow



**Closed loop process with electronic confirmation  
between trading partners**

# FIRST "HOW IT WORKS"



*Transparent to the Warfighter*





# FIRST USN / BOEING PARTNERSHIP

## U.S. NAVY

- Configuration Control
- System Safety
- Organizational and Intermediate Maintenance (Ashore/Afloat)
- GFE and E/F, C/D Common Spares
- GFE Support Equipment
- Component Repair

## INDUSTRY

- Program Management
- Systems Engineering
- Information Systems
- Fleet Support
- Life Cycle Management
- Support Planning
- Workshare
- Material Management
  - E/F Unique Repairables
  - All E/F Consumables
  - Transportation
  - Retail and NADEP Support
- Reliability Improvement
- Configuration Management
- Component Repair
- Obsolescence Management
- Design Engineering
- Technical Data

***Leverage Commercial and DoD Best Practices***

# **PBL DEVELOPMENT PROCESS**

## **POTENTIAL TERMS AND CONDITIONS**

### **➤ Support for Other Customers**

- ✓ **Foreign Customers**
- ✓ **Army/USAF/USCG**

### **➤ Pricing**

- ✓ **Per repair, Power by the Flying Hour**

### **➤ Maintenance Philosophy**

### **➤ Configuration Control**

- ✓ **... Expanded Role**

### **➤ Reliability Improvements**

### **➤ Obsolescence Management**

### **➤ Metrics**

### **➤ Financial Aspects**

- ✓ **... Cost Comparability**
- ✓ **... Cost Recoverability**

### **➤ Requisitions/Asset Visibility**

### **➤ Serial number tracking**

### **➤ Incentives**

### **➤ Public/Private Partnerships**

### **➤ Exit Criteria**

# LEGACY ENGINES

## ➤ From VADM Dyer Brief to CNO Executive Board:

- ✓ Flying Hour Program Cost Increases Predominately Driven by Engine / Components and Not Airframe Structural Components
- ✓ Dynamic Component and Propulsion Increases Largely Age-related

***TLS Mitigates These Concerns For APUs***

## LEGACY ENGINES

- AIR 4.4 Appointed Team to Explore PBL Opportunities for Legacy Engines
- Escalating Costs and Budget Shortfalls (PRL, CIP, OM&N, etc) Driving Need to Explore More ALS Options, to Include Full Range of PBLs:
  - ✓ Whole Engine TLS, e.g. APU
  - ✓ Component Repair Management (e.g. Fuel Controls, Actuators)
  - ✓ Parts Support
- AIR-3.5.2 Available for Assistance